

4 King Street West
TORONTO 1, ONTARIO

4 King Street West
TORONTO 1, ONTARIO

AR38

ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting of the shareholders of DENISON MINES LIMITED (hereinafter called the "Company") will be held in the Crystal Ballroom, King Edward Sheraton Hotel, 37 King Street East, Toronto, Ontario, on Friday, the 28th day of January, 1966 at the hour of 11:00 o'clock in the forenoon (Toronto time) for the following purposes:

1. To receive and consider the consolidated balance sheet of the Company and its subsidiaries as at December 31, 1965 and the consolidated statements of operations and of earned surplus for the year ended December 31, 1965 together with the reports of the directors and auditors thereon;
2. To appoint auditors;
3. To elect directors; and
4. To transact such further and other business as may properly come before the meeting or any adjournment or adjournments thereof.

Shareholders who are unable to be personally present at the meeting are requested to sign and return in the envelope provided for that purpose the enclosed form of instrument of proxy for use at the meeting.

DATED at Toronto this 11th day of January, 1966.

By Order of the Board,

JOHN C. PUHKY,
Secretary.

NOTE: At the meeting five directors are to be elected, each to hold office for a term of two years or until the second annual meeting after their election, whichever later occurs. Five of the present directors of the Company will retire at the meeting and will be eligible for election as directors at the meeting.

PROXY

The undersigned shareholder of DENISON MINES LIMITED hereby appoints Stephen B. Roman, of Toronto, Ontario, or failing him, John Kostuik, of Toronto, Ontario, or failing him, Hon. H. A. Willis, of Toronto, Ontario, or failing him, _____ of _____ as the proxy of the undersigned to attend and act at the annual meeting of the shareholders of Denison Mines Limited to be held on the 28th day of January, 1966 and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same power as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

DATED this _____ day of January, 1966.

Signature of Shareholder

NOTE: The instrument must be signed by the appointor or his attorney authorized in writing or, if the appointor is a corporation, the instrument must be under its corporate seal or under the hand of an officer or attorney so authorized.

BLACK HAWK MINING LTD.

(NO PERSONAL LIABILITY)

HEAD OFFICE:

SUITE 102

400 ST. JAMES STREET WEST
MONTREAL 1, QUEBEC

March 10, 1966

EXECUTIVE OFFICE:

4 KING STREET WEST
TORONTO 1, ONTARIO
EMPIRE 3-4991

To The Shareholders

Black Hawk Mining Limited, 44% owned associated company of Denison Mines Limited, has under leases or owns the mineral rights on 717 acres in Hancock County, State of Maine, U. S. A. It has concluded the first phase of its plant programme and underground development the latter consisting of sinking a three-compartment shaft to a depth of 698 ft. with stations at the 280-ft., 380-ft., 480-ft., 580-ft. and 680-ft. horizons. Exploration and development work has been done on the 380-ft., 480-ft. and 580-ft. levels, totalling 2,738 ft. of crosscuts, 4,631 ft. of drifting, 1,098 ft. of raises and 19,964 ft. of underground diamond drilling to January 31, 1966, and has confirmed the ore reserves, indicated by surface drilling for the area developed. Of the 233 acres covered by surface diamond drilling, 45 acres or 6% of the property has been explored underground.

Mr. Walter Brown, B.Sc., P. Eng., consulting engineer, reports that the work on the zinc orebody to January 31, 1966 has disclosed 700,000 tons with a grade of 14.32% ^{zinc} and 0.54% copper, at 30% dilution. Lying underneath this zinc zone, and readily accessible, is a portion of the Lower Second Pond zone containing 170,000 tons of copper ore with a grade of 2.55% copper and 0.51 ozs. silver, dilution at 20%. The Mammoth zone copper ore to the West contains 330,000 tons at 1.77% copper, 0.51 ozs. silver with dilution at 20%.

These reserves are all above the 780-ft. level, with a very minor portion between the 580 and 780-ft. levels, and exclude the amount required for a surface pillar. Undoubtedly, considerable additions to these tonnages will be made. For example, underground work to the East of the main crosscut, accomplished since the consultant's report, has indicated that the zinc zone could be expanded a further 150,000 - 250,000 tons.

There is also a reserve of about 350,000 tons of lead-silver ore outlined with an indicated grade of 7% lead and 4.5 ozs. silver per ton, the economics of which have not been considered in the consultant's report.

In addition, there has been outlined 765,000 tons of zinc, mixed copper and zinc and copper mineralization which, at \$0.145 U.S. per pound for zinc and 10.38 Cdn. for copper used in the report, is marginal. It is very possible that this tonnage will be mined at a later date or if copper prevails at present prices.

No development work has been done on the Douglas copper zone which, from previous surface diamond drilling, indicated 1,025,000 tons with a grade of 1.83% copper and 0.40 ozs. silver, dilution at 20%.

Metallurgical test-work from diamond-drill core has indicated that recoveries of 90% of the zinc and 60% of the copper from the zinc ore and 90% recovery of the copper from the copper ore can be achieved, in a concentrate of good grade. Complete metallurgical tests on suitable mine samples are being done by Lakefield Research. In addition, a feasibility study is being made on the production of pyrite concentrate for which inquiries have been received.

The undulating nature of the zones, particularly that of the zinc, has required that dilution factors be applied totally unrelated to the excellent roof and wall strengths within the mine. Operating costs are estimated at \$10.70 Cdn. for the zinc ore, \$9.88 for the Lower Second Pond zone and \$9.05 Cdn. for the Mammoth zone.

The consulting engineer reports that the confirmed ore reserves are sufficient to bring the property into operation on the basis of 500 tons of zinc ore and 100 tons of copper ore per day. With recoveries as previously noted and at prices of \$0.145 U.S. per pound for zinc and \$0.38 Cdn. for copper, the operating profit per year is estimated at \$2,132,000 Cdn.

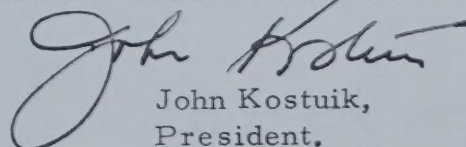
Preproduction and capital costs to January 31, 1966 are \$2,414,000. A further \$3,445,000 is required to prepare the plant for production rate of 600 tons per day, including inventory, interest and working capital.

The consulting engineer recommends, initially, a plant of 600 tons per day to treat 180,000 tons of zinc ore per year and 36,000 tons of copper per year provided that satisfactory arrangements with the American Government can be made to import at least 75 experienced men for the operation and provided that arrangements for suitable housing, at little or no cost to the company, be made. He further recommends the shaft be deepened 215 feet, with auxiliary ore-pass and ventilation systems.

Discussions are underway with governmental authorities to resolve the situations regarding work-visas, On-The-Job-Training programmes and housing for the required employees. During these discussions a limited amount of work will be done to extend the zinc ore potential.

Shareholders will be informed of further progress.

Submitted on Behalf of the Board of Directors,


John Kostuik,
President.

